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given in the author index, which, again, greatly enhances the value of the bibliography. Herr Stammhammer has already published two bibliographies of socialism and communism, and promises to bring out in the immediate future one of money, banking and credit. While the material brought together relating to different countries cannot be regarded as exhaustive in every case, it is for general purposes sufficiently so, and, considering the field covered, is so to a remarkable degree. The work is done in a thoroughly scientific spirit, and is a credit to German industriousness and scholarship. The bibliography will prove an invaluable one to students in finance.

JOHN C. CUMMINGS.

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*Monopolistic Combinations in the German Coal Industry.* By FRANCIS WALKER. New York: The Macmillan Co. (Publications of the American Economic Association, Third Series, Vol. V, No. 5.) 8vo, pp. viii + 334.

This is a study of first-rate importance. For twenty-five years the combinations in the German coal trade have been a prominent feature of that industry, and yet, while much has been written about various phases of it, no complete study of the subject has hitherto appeared. The task set for himself by the author is to examine the history, the organization, and the practical operation of these combinations, paying special attention to their policy in regard to production and prices and their relations to the dealers and to labor and the problem of state control.

Although some traces of association among German coal-producers are found as far back as 1858, it was not till during the depression that followed the boom period of the early seventies that anything like a cartel was formed. From 1887 to the present time, with many breaks and changes of policy, there has been a persistent effort of producers to get away from the evils of competition. The author attributes this recourse to combination not merely to the bad times of the period, but in part to the drift of governmental policy toward protection.

In a decade that marked the swing from free-trade to protection, it is not strange that the principle of free competition began to give place to the principle of combination. The raw iron industry had demanded and received protection; the coal industry had to take care of itself, and it saw only one course open — combination — both for maintaining the home market and for developing exports.

The author traces more fully than he does for the other districts the development and the workings of the combinations in the Ruhr region, which produces more than half the coal of the empire. From 1877 to 1893 the forms and purposes of the combinations of this district bear a striking resemblance to the contemporaneous combinations of the anthracite product of Pennsylvania. Now the plan is simply to restrict production, now to maintain prices, and again the purpose is to do both. As early as 1887 an effort was made to establish a central selling bureau for all the associated mines. The plan failed at the time; but three years later several groups of mines in the district were brought into as many cartel agreements, and each of these smaller combinations formed a selling company (*Syndicat*) much like the coke *Syndicat* of the Ruhr formed in the same year. Competition between these cartels soon brought about an agreement to maintain prices. This was, however, ineffective, and in 1893 mines representing nearly 87 per cent. of the production of the Ruhr were brought into one combination, the central feature of which was the formation of a selling company primarily to market the product of the members, but with power also to buy and sell the product of others.

The syndicate, as the selling company is called, while in form an independent company engaged in the purchase and sale of coal, coke, and briquets, is in fact the agent of the combination. Through appropriate organs it performs the work of marketing those products, makes assessments on the mine-owners to cover the expenses and losses, may examine the books of the associated companies, and impose fines for breach of agreement (p. 97). Other matters connected with production — its amount and the apportionment of quotas to the various mines, the determination of the general price policy, and the fixing of penalties for breach of contract, admission of members, etc. — rest with the assembly of the allied mine-owners or with officers chosen by it.

This by far the most important of the German coal combinations both from the point of view of the amount of coal controlled and from that of perfection of organization. But monopolistic conditions exist in all the other great coal-producing districts of the empire. Ninety-four per cent. of the product of upper Silesia is carteled; practically all the mines of the Saar district being owned by the government are run under monopoly conditions, and similar conditions prevail in greater or less degree in the other districts. Pro-

fessor Walker estimates that 85 per cent. of the total Prussian production is thus controlled. The vital part of the study is that which deals with the operation of these cartels, especially that of the Ruhr, during the period from 1893 to 1903.

Notwithstanding the frequency with which the author is compelled, in dealing with the difficult questions attacked, to use such expressions as "scanty information," "want of satisfactory material," "lack of uniformity of accounts," etc., the carefully compiled data presented at least "serve as a check on undocumented opinion and non-statistical testimony." If not sufficient to convey to others the optimistic feelings of the author toward cartel management, they certainly are enough to show the extravagance of some of the charges made against the cartels. The charge of undue contraction of production is made; but the author is able to show a more rapid increase in the per capita production for the empire during the ten years following the formation of the strong combination in the Ruhr (30 per cent.) than in the ten years preceding (22.2 per cent.). He can show also an increase of 85 per cent. from 1893 to 1903 in the aggregate of the quotas assigned to the allied mines. Nevertheless, in only twenty-five months in the ten years have the mines been allowed unrestricted production, the contraction in five of the years being 12 per cent. or more, and in one case as high as 23 per cent.; though the actual contraction has usually been less than that agreed upon.

The tables showing the course of prices (e. g., p. 181) are on their face a tribute to the power of the combination. Since 1893 prices have been steadily higher than in the ten years preceding. No doubt the higher prices in part represent increased cost of production as lower levels of coal are resorted to (see chapter I, Part IV.); but the data presented in the chapter dealing with "Proceeds and Profits" show that not all the increase of price went to pay higher costs. A table said (p. 255) to "represent the situation fairly well" as to dividends, shows for a large group of mines an average profit of 15 per cent. for the years 1901 and 1902; and for 1900, the year of the great depression in the iron and other industries, the same group paid an average dividend of 17.4 per cent. Prices that yield such profits in time of a general depression might easily be pronounced exorbitant; but Professor Walker does not regard them so, though he thinks them too high (p. 323). The charge that the iron industry has been checked in its development by the price policy of the cartels

does not appear to the author to be sustained. If prices have been high, they have been steady and equal to all of the same class. Moreover, the price of iron has risen with the recent expansion of German industry even more rapidly than that of coal; and the great disaster to the industry in 1900 was not due "in any important degree" to the high price of coal, but rather to a falling off of the demand for iron. It was inevitable even with low prices of coal. Nevertheless, it is admitted that the cartels may be accused of "retarding the convalescence of German industry by not reducing prices." And it should be noted that the policy of the cartels of paying bounties on iron exports has confessedly stimulated foreign sales. But since export bounties are equivalent to lower prices for coal, there seems some ground for the contention that through lower prices for fuel the producers of iron could have found a larger market at home.

Complaint is made also that German industry has suffered through the policy of the cartel in selling coal to foreign competitors at lower prices than are demanded of the home manufacturers. Professor Walker found some cases where the complaint seemed justified; but the practice when not carried to excess, he commends.

Cheap export is not an extraordinary measure; on the contrary, it may be regarded as the normal condition of highly developed industries in periods of depression.

Home consumers might acquiesce in this principle and its practice without question under a state of free competition. But they very naturally condemn such a policy when through governmental protection or combination they are deprived of the assurance which the presence of competition gives that their higher prices are fair ones.

One point of contrast between the German combinations and those in the anthracite industry is that the former were for a long period maintained in spite of a large membership, especially in the Ruhr, while in the anthracite region effective control was not gained till ownership had been brought into the hands of a comparatively small number. Developments of the last two years, however, indicate a trend toward American conditions. For some time the weakness of the "confederation" plan had been felt in carrying out certain policies, and in the latter part of 1903 a new agreement was reached which greatly strengthens the combination. Practically all the coal production of the Ruhr is included in this agreement, the former close co-operation with the coke and the briquet syndicates is succeeded

by a practical merger in all matters of marketing, and the already firm control of the wholesale and retail trade is made more complete; but the most important change in the plan lies in the enlargement of the powers of the syndicate so that it may acquire and operate mines, and engage in enterprises of all kinds concerned "with the storage, sale, and promotion of mining products." The plan seems to include the acquisition, not only of coal lands, but of the means of transportation of coal on the Rhine. The new agreement is, therefore, looked upon as a long stride in the direction of consolidated control of the field.

Professor Walker believes that the few shortcomings he has found in the earlier cartels to be due, not to "inherent defects in the system," but to "weakness of organization or inexperience in management." The new organization will put this opinion to the test. A system it would seem ought to be judged not merely by what has or has not been done under it, but as well by what may be done. The account here given shows in the Ruhr region that the combination has as a policy refrained from such a course as would rouse hostility; that, however, a constant conflict has been going on between a radical high-price party, on the one hand, and a moderate party, on the other. If the moderates have thus far in the main controlled the price and production policy, there is no assurance that they will continue to do so. The author quotes with apparent approval the view of Dr. Riehn that consumers' associations are desirable as a protection against extortion; yet he finds them as yet too little developed to exert an important economic influence. Something, he thinks, should be done by way of safeguarding consumers by the government's requiring greater publicity, and by the purchase of mines by the government itself in those districts where cartel management is most effective; but the author's greatest hope seems to lie in the wisdom and benevolence of the despot that confessedly has the Ruhr region at least well in hand. The value of such a safeguard against extortion even in a country where business men are influenced by the tradition they are expected to maintain for *Treu* and *Glauben* is there called seriously in question. In those unfavored countries where there is no such tradition, and where benevolence is not a leading trait of masters in industry, there is likely still to remain the conviction that monopoly control has something in it inherently defective.

G. O. VIRTUE.